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Case Study

Case on Modern Banking Facilities-Boon or a Bane

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I. Introduction

This case documents Expectations of Consumers towards bank. It is based on real life experiences of different consumers of leading bank in suburb city located in lush green campus surrounded with all the type of customers. Customers are representing real image of lack of awareness which lead to personal havoc. Indian customers are reluctant towards the usage of technology where full acceptance cannot be predictable due to various issues arising from different sources which may be at personal or professional ends. This case shows customers are very cautious about their financial assets and security of data.

Traditional customer access systems have operated in closed networks of banks accessed through dedicated telephone lines. Customers are happy that there data is kept confidential and they trust the bank for integrity and authentication. Need of e-Banking arised due to Manual operations of banking had different limitations like time consuming, lack of data security and less accurate. Virtual Banking came into existence of limitations in traditional banking and Technological Innovations which is also known as Internet Banking, PC Banking, Home Banking, Remote Electronic Banking and Phone Banking. Different arenas are included in the e banking i.e, computer and telephone banking. These two types of banking involve the usage of passwords. Following are facilities of e-banking

- Automated Teller Machine (ATM)
- Smart Card
- Debit Card
- Credit Card
- E-Cheque
- Direct Deposit
- Electronic Bill Payment
- Electronic Check Conversion
- Cash Value Stores etc

II. Benefits

Benefits can be divided on the basis of segments give below i.e., to Service Provider Bank and to Customer

A. Service Provider Bank

- Price
- Customer Base
- Efficiency
- Customer Service and Satisfaction
- Good Will

B. Customer

- Bill Payment
- Transfer Money
- Purchase and Sales of Security
- Check updates on Stock Market
- Check updates on Currency Rates
- Check Balances

The rapid development of e-banking services carries risks as well as benefits. This case is narrated around the risks caused to customers of India's most preferred bank which is located in lush green campus on suburb location. We are narrating different grievances of customer related to e-banking in which the bank is not related directly. However, customer blaming the bank for his own lack of awareness and illiteracy on the functioning of e-banking services where the customer data is entirely protected by his own decisions.

SGV Bankis an Indian Financial Services company based in Capital City of the country. Its operations are spread over in Indian boundaries and overseas.

Mrs. Aradhya is an employee of XYZ Company. She has her salary account with this SGV bank since last 10 years. This account provides only Saving Account facilities. On Jan. 23, 2015, when she reaches office at 9 o'clock, her receptionist gave her a pass book with a kit. Mrs. Aradhya was shocked to see the kit. When she opened it she found a Pass Book, a Debit Card and PIN details. While reading the documents she realized bank has thanked her for choosing an alternative account with the bank that gave additional benefits. Immediately she called her husband to find out whether he has opened an alternative account with SGV Bank. But her husband denied and told her to call SGV Bank immediately. After making plenty phone calls, bank representative on the other hand picked up the phone and answered "Thank you for calling SGV Bank". But Mrs. Aradhya was very furious and she shouted at the representative. She was not ready to listen to any apologies and after a quite long time she was able to explain her problem of receiving a kit. Bank representative was unable to provide any details on the kit. This caused a great concern to Mrs. Aradhya. She asked to transfer the call to the manager.

Following is the conversation he has with Mrs. 'Aradhya'.

Mrs. Aradhya, "Hello this is Mrs. Aradhya from XYZ Company. May I know with whom I am speaking?"

Manager- Hello Mr. Bhatt from this side. How may I help you Madam."

Mrs. Aradhya explained the whole issue to him. After a long conversation she was unable to get convinced because manager told her she must have applied for a bank account with SGV bank. Without the consent of applicant an account cannot be opened. This made Mrs. Aradhya to lose the temper and made a way to hot discussions between both of them. At the end of the conversation, manager requested her to visit the branch and give a written application to close the alternative account. Listening to this Mrs. Aradhya threaten him as she will take legal action against the SGV bank as it is a mental turmoil as she is working with the private concern, she was unable to take leave during working hours. However, manager realized the seriousness of the problem and he requested her to come after 5 o'clock in the evening.

Once the phone conversation was over manager called Public Relation Officer (PRO) and ordered him to find out the details. PRO came back with the history of bank account and informed manager that the account was opened as a *Doctrine of Good Faith with alternative account with additional benefits with the prior notice and discussions with the employer (XYZ Company).*

On the same day, Mrs. Aradhya reached the bank with her husband after working hours. When she met the manager, he explained that her account was opened with the concern of employer and she falls in the category of sharing her information with bank by accepting to the terms and conditions agreement form on her e-Banking page.

Mr. 'Om Prakash' is 68 yrs old has a Savings Account in SGV Bank. He has his account from last 30 years. He utilized benefits of Fixed Deposit, Locker and e-banking facilities of the bank. Mr. 'Om Prakash' has a grandson 'Guru' who is unemployed, flamboyant and does not have any ethical values. On Dec. 2, 2015, Mr. 'Om Prakash' got a SMS alert that Rs. 20,000/ has been debited from his account at around 2 o'clock in the afternoon when he was fast asleep after lunch. But he checked the SMS alert at 4 o'clock in the evening. He asked his wife whether she has withdrawn the cash (because he has shared his pin details with her and she also uses the card). After her denial, he checked the bag for Debit Card, for his surprise the card was in the bag. Mr. 'Om Prakash' approached the bank and informed the same on the next day. However, bank was unable to reply because it is a case *of grossly negligent in care of the card and PIN*. But Mr. 'Om Prakash', lodges a FIR in nearest Police Station against the bank. However, after careful investigation it is found that money was withdrawn by Mr 'Guru' grandson of Mr 'Om Prakash'. Entire responsibility is charged on Mr. 'Om Prakash's shoulder as he was not serious in taking care of card and PIN. Mr. 'Om Prakash' feels that it is the limitation of e-banking or ATM card and comments to his wife "It was my mistake to opt for e-Banking."

Mr. Avinash is a lab technician of ABC Company. He is 35 year old and is a regular customer of SGV Bank. One day he got a call from a lady, who told him that he was speaking from SGV bank. She asked whether you are using ATM card or not. Mr. Avinash replied yes. She informed him that we have called you regarding ATM card, which will be changed to new one. She said "With view of security reason we are changing old card of all the customers and issuing new one with double security. We punch your photo on the front side of card and on the back side will have the chip of tracking id and we are giving the card for free of cost and will be valid up to 2 years. This call is regarding verification." Further, you will receive a message on mobile phone from bank site which will verify me then after you will received second message which will show your name, your bank name and your employee id. Within two working days we will be sending a new card on the registered address through our executive till then you may use your old card. This is an open verification call; we need your card number, pin and login id if you are using online services in detail. Mr. Avinash answered all the queries of without thinking a second.

After an hour he got a message alert that from his account worth Rs.15,000/- e-purchases has been made. He surprised to see the message alert on online shopping without his knowledge. Immediately he approach SGV bank. After a long discussion with the Mr. Avinash, bank manager came to a conclusion that it was the mistake of customer side to share his information. However, 'Mr. Avinash' blamed the bank for e-banking facilities.

Questions

Q1. Does Mrs. Aradhya approach is right? Do you think she should have followed Grievance Redressal Mechanism?

Q2. "Doctrine of Good Faith is boon to banking." Comment on the statement keeping in view with the problem of "Mrs. Aradhya".

Q3. Do you think Mr. Omprakash is right in his part? Comment.

Q4. Phishing-Is it the case of Customer Illiteracy or risk of E-Banking - Elaborate.

Q5. Discuss the challenges and issues related to Modern-Banking.

The case was developed by Dr. Veerlakshmi, Sr. Assistant Professor, DOMS, COER-SM, Roorkee and Mrs. Sweta Gaur Sharma, Assistant Professor, DOMS, COER-SM, Roorkee in National Case Writing Workshop sponsored by AIMS, Hyderabad at COER School of Management, Roorkee during 17-19 December 2015.